

IIA-CIA-Part3 Dumps

Certified Internal Auditor - Part 3, Business Analysis and Information Technology

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NEW QUESTION 1

- (Exam Topic 1)

Which of the following activities most significantly increases the risk that a bank will make poor-quality loans to its customers?

- A. Borrowers may not sign all required mortgage loan documentation.
- B. Fees paid by the borrower at the time of the loan may not be deposited in a timely manner.
- C. The bank's loan documentation may not meet the government's disclosure requirements.
- D. Loan officers may override the lending criteria established by senior management.

Answer: D

NEW QUESTION 2

- (Exam Topic 1)

Which of the following does not provide operational assurance that a computer system is operating properly?

- A. Performing a system audit.
- B. Making system changes.
- C. Testing policy compliance.
- D. Conducting system monitoring.

Answer: B

NEW QUESTION 3

- (Exam Topic 1)

Which of the following statements about slack time and milestones are true?

- * 1. Slack time represents the amount of time a task may be delayed without delaying the entire project.
- * 2. A milestone is a moment in time that marks the completion of the project's major deliverables.
- * 3. Slack time allows the project manager to move resources from one task to another to ensure that the project is finished on time.
- * 4. A milestone requires resource allocation and needs time to be completed.

- A. 1 and 4 only
- B. 2 and 3 only
- C. 1, 2, and 3 only
- D. 1, 2, 3, and 4

Answer: C

NEW QUESTION 4

- (Exam Topic 1)

An internal auditor discovered that several unauthorized modifications were made to the production version of an organization's accounting application. Which of the following best describes this deficiency?

- A. Production controls weakness.
- B. Application controls weakness.
- C. Authorization controls weakness.
- D. Change controls weakness.

Answer: D

NEW QUESTION 5

- (Exam Topic 1)

Which of the following standards would be most useful in evaluating the performance of a customer-service group?

- A. The average time per customer inquiry should be kept to a minimum.
- B. Customer complaints should be processed promptly.
- C. Employees should maintain a positive attitude when dealing with customers.
- D. All customer inquiries should be answered within seven days of receipt.

Answer: D

NEW QUESTION 6

- (Exam Topic 1)

Which of the following is an element of effective negotiating?

- A. Ensuring that the other party has a personal stake in the agreement.
- B. Focusing on interests rather than on obtaining a winning position.
- C. Considering a few select choices during the settlement phase.
- D. Basing the agreement on negotiating power and positioning leverage.

Answer: B

NEW QUESTION 7

- (Exam Topic 1)

The market price is the most appropriate transfer price to be charged by one department to another in the same organization for a service provided when:

- A. There is an external market for that service.
- B. The selling department operates at 50 percent of its capacity.
- C. The purchasing department has more negotiating power than the selling department.
- D. There is no external market for that service.

Answer: A

NEW QUESTION 8

- (Exam Topic 1)

A retail organization is considering acquiring a composite textile company. The retailer's due diligence team determined the value of the textile company to be \$50 million. The financial experts forecasted net present value of future cash flows to be \$60 million. Experts at the textile company determined their company's market value to be \$55 million if purchased by another entity. However, the textile company could earn more than \$70 million from the retail organization due to synergies. Therefore, the textile company is motivated to make the negotiation successful. Which of the following approaches is most likely to result in a successful negotiation?

- A. Develop a bargaining zone that lies between \$50 million and \$70 million and create sets of outcomes between \$50 million and \$70 million.
- B. Adopt an added-value negotiating strategy, develop a bargaining zone between \$50 million and \$70 million, and create sets of outcomes between \$50 million and \$70 million.
- C. Involve a mediator as a neutral party who can work with the textile company's management to determine a bargaining zone.
- D. Develop a bargaining zone that lies between \$55 million and \$60 million and create sets of outcomes between \$55 million and \$60 million.

Answer: D

NEW QUESTION 9

- (Exam Topic 1)

Which stage of group development is characterized by a decrease in conflict and hostility among group members and an increase in cohesiveness?

- A. Forming stage.
- B. Norming stage.
- C. Performing stage.
- D. Storming stage.

Answer: B

NEW QUESTION 10

- (Exam Topic 1)

An organization needs to borrow a large amount of cash to fund its expansion plan. Which of the following annual interest rates is least expensive?

- A. 7 percent simple interest with a 10 percent compensating balance.
- B. 7 percent simple interest paid at the end of each year.
- C. 7 percent discount interest.
- D. 7 percent compounding interest.

Answer: B

NEW QUESTION 10

- (Exam Topic 1)

Which of the following application software features is the least effective control to protect passwords?

- A. Suspension of user IDs after a user's repeated attempts to sign on with an invalid password.
- B. Encryption of passwords prior to their transmission or storage.
- C. Forced change of passwords after a designated number of days.
- D. Automatic logoff of inactive users after a specified time period of inactivity.

Answer: C

NEW QUESTION 11

- (Exam Topic 1)

If legal or regulatory standards prohibit conformance with certain parts of The IIA's Standards, the auditor should do which of the following?

- A. Conform with all other parts of The IIA's Standards and provide appropriate disclosures.
- B. Conform with all other parts of The IIA's Standards; there is no need to provide appropriate disclosures.
- C. Continue the engagement without conforming with the other parts of The IIA's Standards.
- D. Withdraw from the engagement.

Answer: A

NEW QUESTION 15

- (Exam Topic 1)

According to IIA guidance, which of the following steps are most important for an internal auditor to perform when evaluating an organization's social and environmental impact on the local community?

- Determine whether previous incidents have been reported, managed, and resolved.
- Determine whether a business contingency plan exists.
- Determine the extent of transparency in reporting.
- Determine whether a cost/benefit analysis was performed for all related projects.

- A. 1 and 3.

- B. 1 and 4.
- C. 2 and 3.
- D. 2 and 4.

Answer: A

NEW QUESTION 18

- (Exam Topic 1)

Which of the following is not a barrier to effective communication?

- A. Filtering.
- B. Communication overload.
- C. Similar frames of reference.
- D. Lack of source credibility.

Answer: C

NEW QUESTION 19

- (Exam Topic 1)

An organization uses a database management system (DBMS) as a repository for data. The DBMS, in turn, supports a number of end-user developed applications which were created using fourth-generation programming languages. Some of the applications update the database. Which of the following is the most important control related to the integrity of the data in the database?

- A. End users have their read-only applications approved by the information systems department before accessing the database.
- B. Concurrency update controls are in place.
- C. End-user applications are developed on personal computers before being implemented on the mainframe.
- D. A hierarchical database model is adopted so that multiple users can be served at the same time.

Answer: B

NEW QUESTION 22

- (Exam Topic 1)

Preferred stock is less risky for investors than is common stock because:

- A. Common stock pays dividends as a stated percentage of face value.
- B. Common stock has priority over preferred stock with regard to earnings and assets.
- C. Preferred dividends are usually cumulative.
- D. Preferred stock with no conversion feature has a higher dividend yield than does convertible preferred stock.

Answer: C

NEW QUESTION 26

- (Exam Topic 1)

Which of the following is the best approach to overcome entry barriers into a new business?

- A. Offer a standard product that is targeted in the recognized market.
- B. Invest in commodity or commodity-like product businesses.
- C. Enter into a slow-growing market.
- D. Use an established distribution relationship.

Answer: D

NEW QUESTION 29

- (Exam Topic 1)

Which of the following statements regarding database management systems is not correct?

- A. Database management systems handle data manipulation inside the tables, rather than it being done by the operating system itself in files.
- B. The database management system acts as a layer between the application software and the operating system.
- C. Applications pass on the instructions for data manipulation which are then executed by the database management system.
- D. The data within the database management system can only be manipulated directly by the database management system administrator.

Answer: D

NEW QUESTION 33

- (Exam Topic 1)

Which of the following are appropriate reasons for internal auditors to document processes as part of an audit engagement?

- * 1. To determine areas of primary concern.
- * 2. To establish a standard format for process mapping.
- * 3. To define areas of responsibility within the organization.
- * 4. To assess the performance of employees.

- A. 1 and 2 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 2 and 4 only

Answer: B

NEW QUESTION 34

- (Exam Topic 1)

In mergers and acquisitions, which of the following is an example of a horizontal combination?

- A. Dairy manufacturing company taking over a large dairy farm.
- B. A movie producer acquires movie theaters.
- C. A petroleum processing company acquires an agro-processing firm.
- D. A baker taking over a competitor.

Answer: D

NEW QUESTION 35

- (Exam Topic 1)

All of the following are possible

Explanations for a significant unfavorable material efficiency variance except:

- A. Cutbacks in preventive maintenance.
- B. An inadequately trained and supervised labor force.
- C. A large number of rush orders.
- D. Production of more units than planned for in the master budget.

Answer: D

NEW QUESTION 36

- (Exam Topic 1)

Which of the following are included in ISO 31000 risk principles and guidelines?

- A. Standards, framework, and process.
- B. Standards, assessments, and process.
- C. Principles, framework, and process.
- D. Principles, practices, and process.

Answer: C

NEW QUESTION 40

- (Exam Topic 1)

Which of the following techniques would be least effective in resolving the conflict created by an internal audit client's perception of the audit report as a personal attack on his management performance?

- A. The auditor should focus on the audit client as a person and understand him, rather than just concentrating on the problem.
- B. The auditor should make recommendations based on objective criteria, rather than based on a subjective assessment.
- C. The auditor should explore alternative solutions to address the audit problem, so the audit client has options.
- D. The auditor should take a flexible position on the recommendations and focus on resolving the issue by addressing the interests of the people concerned.

Answer: A

NEW QUESTION 41

- (Exam Topic 1)

Which of the following descriptions of the internal control system are indicators that risks are managed effectively?

- * 1. Existing controls promote compliance with applicable laws and regulations.
- * 2. The control environment is designed to address all identified risks to the organization.
- * 3. Key controls for significant risks to the organization remain consistent over time.
- * 4. Monitoring systems are in place to alert management to unexpected events.

- A. 1 and 3.
- B. 1 and 4.
- C. 2 and 3.
- D. 2 and 4.

Answer: B

NEW QUESTION 46

- (Exam Topic 1)

Which of the following roles would be least appropriate for the internal audit activity to undertake with regard to an organization's corporate social responsibility (CSR) program?

- A. Consult on project design and implementation of the CSR program.
- B. Serve as an advisor on internal controls related to CSR.
- C. Identify and prioritize the CSR issues that are important to the organization.
- D. Evaluate the effectiveness of the organization's CSR efforts.

Answer: C

NEW QUESTION 49

- (Exam Topic 1)

Which of the following statements about matrix organizations is false?

- A. In a matrix organization, conflict between functional and product managers may arise.
- B. In a matrix organization, staff under dual command is more likely to suffer stress at work.
- C. Matrix organizations offer the advantage of greater flexibility.
- D. Matrix organizations minimize costs and simplify communication.

Answer: D

NEW QUESTION 53

- (Exam Topic 1)

Which of the following is a type of network in which an organization permits specific users (such as existing customers) to have access to its internal network through the Internet by building a virtual private network?

- A. Intranet.
- B. Extranet.
- C. Digital subscriber line.
- D. Broadband.

Answer: B

NEW QUESTION 56

- (Exam Topic 1)

An organization had three large centralized divisions: one that received customer orders for service work; one that scheduled the service work at customer locations; and one that answered customer calls about service problems. These three divisions were restructured into seven regional groups, each of which performed all three functions. One advantage of this restructuring would be:

- A. Better internal controls.
- B. Greater economies of scale.
- C. Improved work flow.
- D. Increased specialization.

Answer: C

NEW QUESTION 57

- (Exam Topic 1)

A brand manager in a consumer food products organization suspected that several days of the point-of-sale data on the spreadsheet from one grocery chain were missing. The best approach for detecting missing rows in spreadsheet data would be to:

- A. Sort on product identification code and identify missing product identification codes.
- B. Review store identification code and identify missing product identification codes.
- C. Compare product identification codes for consecutive periods.
- D. Compare product identification codes by store for consecutive periods.

Answer: D

NEW QUESTION 60

- (Exam Topic 1)

During which phase of disaster recovery planning should an organization identify the business units, assets, and systems that are critical to continuing an acceptable level of operations?

- A. Scope and initiation phase.
- B. Business impact analysis.
- C. Plan development.
- D. Testing.

Answer: B

NEW QUESTION 65

- (Exam Topic 1)

According to the International Professional Practices Framework, which of the following statements is true regarding a corporate social responsibility (CSR) program?

- * 1. Every employee generally has a responsibility for ensuring the success of CSR objectives.
- * 2. The board has overall responsibility for the effectiveness of internal control processes associated with CSR.
- * 3. Public reporting on the CSR governance process is expected.
- * 4. Organizations generally have flexibility regarding what is included in a CSR program.

- A. 1, 2, and 3 only
- B. 1, 2, and 4 only
- C. 1, 3, and 4 only
- D. 2, 3, and 4 only

Answer: B

NEW QUESTION 66

- (Exam Topic 1)

Which of the following statements about market signaling is correct?

- * 1. The organization releases information about a new product generation.
- * 2. The organization limits a challenger's access to the best source of raw materials or labor.

- * 3. The organization announces that it is fighting a new process technology.
- * 4. The organization makes exclusive arrangements with the channels.

- A. 1 and 3 only
- B. 1 and 4 only
- C. 2 and 3 only
- D. 2 and 4 only

Answer: A

NEW QUESTION 71

- (Exam Topic 1)

Which is the least effective form of risk management?

- A. Systems-based preventive control.
- B. People-based preventive control.
- C. Systems-based detective control.
- D. People-based detective control.

Answer: D

NEW QUESTION 72

- (Exam Topic 1)

Which of the following costs would be incurred in an inventory stockout?

- A. Lost sales, lost customers, and backorder.
- B. Lost sales, safety stock, and backorder.
- C. Lost customers, safety stock, and backorder.
- D. Lost sales, lost customers, and safety stock.

Answer: A

NEW QUESTION 76

- (Exam Topic 1)

Which of the following describes the free trade zone in an e-commerce environment?

- A. Zone that separates an organization's servers from outside forces.
- B. Area in which messages are scrutinized to determine if they are authorized.
- C. Area where communication and transactions occur between trusted parties.
- D. Zone where data is encrypted, users are authenticated, and user traffic is filtered.

Answer: C

NEW QUESTION 77

- (Exam Topic 1)

All of the following are true with regard to the first-in, first-out inventory valuation method except:

- A. It values inventory close to current replacement cost.
- B. It generates the highest profit when prices are rising.
- C. It approximates the physical flow of goods.
- D. It minimizes current-period income taxes.

Answer: D

NEW QUESTION 79

- (Exam Topic 1)

According to the International Professional Practices Framework, internal auditors who are assessing the adequacy of organizational risk management processes should not:

- A. Recognize that organizations use different techniques for managing risk.
- B. Seek assurance that the key objectives of the risk management processes are being met.
- C. Determine and accept the level of risk for the organization.
- D. Treat the evaluation of risk management processes differently from the risk analysis used to plan audit engagements.

Answer: C

NEW QUESTION 82

- (Exam Topic 1)

Which of the following budgets must be prepared first?

- A. Cash budget.
- B. Production budget.
- C. Sales budget.
- D. Selling and administrative expenses budget.

Answer: C

NEW QUESTION 85

- (Exam Topic 1)

Which of the following steps should an internal auditor take during an audit of an organization's business continuity plans?

- * 1. Evaluate the business continuity plans for adequacy and currency.
- * 2. Prepare a business impact analysis regarding the loss of critical business.
- * 3. Identify key personnel who will be required to implement the plans.
- * 4. Identify and prioritize the resources required to support critical business processes.

- A. 1 only
- B. 2 and 4 only
- C. 1, 3, and 4 only
- D. 1, 2, 3, and 4

Answer: A

NEW QUESTION 90

- (Exam Topic 1)

The audit committee of a global corporation has mandated a change in the organization's business ethics policy. Which of the following approaches describes the best way to accomplish the policy's diffusion worldwide?

- A. Deploy the policy in the corporate headquarters' language, so everyone gets an unfiltered version simultaneously.
- B. Introduce the policy region by region, using any lessons learned to change the subsequent version of the policy for the next area.
- C. Consult with legal and operational management in each affected country to ensure the final version can be implemented globally, following audit committee approval.
- D. Send the board-approved version of the policy to each country's senior leadership, and empower them to tailor the policy to the local language and culture.

Answer: C

NEW QUESTION 91

- (Exam Topic 1)

Which of the following statements is true regarding the roles and responsibilities associated with a corporate social responsibility (CSR) program?

- A. The board has overall responsibility for the internal control processes associated with the CSR program.
- B. Management has overall responsibility for the effectiveness of governance, risk management, and internal control processes associated with the CSR program.
- C. The internal audit activity is responsible for ensuring that CSR principles are integrated into the organization's policies and procedures.
- D. Every employee has a responsibility for ensuring the success of the organization's CSR objectives.

Answer: D

NEW QUESTION 93

- (Exam Topic 1)

An organization decided to install a motion detection system in its warehouse to protect against after-hours theft. According to the COSO enterprise risk management framework, which of the following best describes this risk management strategy?

- A. Avoidance.
- B. Reduction.
- C. Elimination.
- D. Sharing.

Answer: B

NEW QUESTION 94

- (Exam Topic 1)

Which of the following is a limiting factor for capacity expansion?

- A. Government pressure on organizations to increase or maintain employment.
- B. Production orientation of management.
- C. Lack of credible market leader in the industry.
- D. Company diversification.

Answer: D

NEW QUESTION 96

- (Exam Topic 1)

Which of the following are typical responsibilities for operational management within a risk management program?

- * 1. Implementing corrective actions to address process deficiencies.
- * 2. Identifying shifts in the organization's risk management environment.
- * 3. Providing guidance and training on risk management processes.
- * 4. Assessing the impact of mitigation strategies and activities.

- A. 1 and 2 only
- B. 1 and 4 only
- C. 2 and 3 only
- D. 3 and 4 only

Answer: B

NEW QUESTION 99

- (Exam Topic 1)

Which of the following is true regarding the COSO enterprise risk management framework?

- A. The framework categorizes an organization's objectives to distinct, non overlapping objectives.
- B. Control environment is one of the framework's eight components.
- C. The framework facilitates effective risk management, even if objectives have not been established.
- D. The framework integrates with, but is not dependent upon, the corresponding internal control framework.

Answer: D

NEW QUESTION 100

- (Exam Topic 1)

Which of the following is a disadvantage of selecting a commercial software package rather than developing an application internally?

- A. Lack of flexibility.
- B. Incompatibility with client/server technology.
- C. Employee resistance to change.
- D. Inadequate technical support.

Answer: A

NEW QUESTION 105

- (Exam Topic 1)

Which of the following is useful for forecasting the required level of inventory?

- * 1. Statistical modeling.
- * 2. Information about seasonal variations in demand.
- * 3. Knowledge of the behavior of different business cycles.
- * 4. Pricing models linked to seasonal demand.

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1, 2, and 3 only
- D. 1, 2, 3, and 4

Answer: C

NEW QUESTION 110

- (Exam Topic 1)

Which of the following performance measures would be appropriate for evaluating an investment center, which has responsibility for its revenues, costs, and investment base, but would not be appropriate for evaluating cost, revenue, or profit centers?

- A. A flexible budget.
- B. Variance analysis.
- C. A contribution margin income statement by segment.
- D. Residual income.

Answer: D

NEW QUESTION 112

- (Exam Topic 1)

A global business organization is selecting managers to post to various international (expatriate) assignments. In the screening process, which of the following traits would be required to make a manager a successful expatriate?

- * 1. Superior technical competence.
- * 2. Willingness to attempt to communicate in a foreign language.
- * 3. Ability to empathize with other people.

- A. 1 and 2 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 1, 2, and 3

Answer: C

NEW QUESTION 113

- (Exam Topic 1)

An internal auditor is trying to assess control risk and the effectiveness of an organization's internal controls. Which of the following audit procedures would not provide assurance to the auditor on this matter?

- A. Interviewing the organization's employees.
- B. Observing the organization's operations.
- C. Reading the board's minutes.
- D. Inspecting manuals and documents.

Answer: C

NEW QUESTION 116

- (Exam Topic 2)

Much of the following authentication device credentials is the most difficult to revoke when an employee's access rights need to be removed?

- A. A traditional key lock
- B. A biometric device.
- C. A card-key system
- D. A proximity device

Answer: C

NEW QUESTION 120

- (Exam Topic 2)

Which of the following should be included in a company's year-end inventory valuation?

- A. Company goods that were sold during the year free on board shipping point that have been shipped but not yet received by the customer
- B. Goods purchased by the company free on board destination that have not yet been received
- C. Goods on consignment, which the company is trying to sell for its customers
- D. Company goods for sale on consignment at a consignment shop

Answer: A

NEW QUESTION 121

- (Exam Topic 2)

Which of the following is a typical example of structured data?

- A. Production information maintained in relational tables.
- B. Tweets and posts of users on social media.
- C. Photos and videos stored in hard drive catalogs.
- D. Sales reports documented in word processing software.

Answer: A

NEW QUESTION 124

- (Exam Topic 2)

An organization is developing a new online collaboration tool for employees. The tool includes a homepage that is customized to each employee according to his department and job function. Which of the following engagements should be conducted to ensure that the organization has included all departments and job functions in the system before it is implemented?

- A. An application control review
- B. A source code review
- C. A design review
- D. An access control review

Answer: C

NEW QUESTION 129

- (Exam Topic 2)

The following transactions and events occurred during the year:

	January 1	December 31
Finished goods	\$90,000	\$260,000
Raw materials	\$105,000	\$130,000
Work in process	\$220,000	\$175,000

- \$300,000 of raw materials were purchased, of which \$20,000 were returned because of defects
- \$600,000 of direct labor costs were incurred.
- \$750,000 of manufacturing overhead costs were incurred. What is the organization's cost of goods sold for the year?

- A. \$1,480,000
- B. \$1,500,000
- C. \$1,610,000
- D. \$1,650,000

Answer: B

NEW QUESTION 133

- (Exam Topic 2)

The greatest advantage of functional departmentalization is that it:

- A. Facilitates communication between primary functions.
- B. Helps to focus on the achievement of organizational goals.
- C. Provides for efficient use of specialized knowledge.
- D. Accommodates geographically dispersed companies

Answer: C

NEW QUESTION 136

- (Exam Topic 2)

Which of the following methods is most closely associated to year over year trends?

- A. Horizontal analysis
- B. Vertical analysis
- C. Common-size analysis
- D. Ratio analysis

Answer: A

NEW QUESTION 141

- (Exam Topic 2)

If a just-in-time purchasing system is successful in reducing the total inventory costs of a manufacturing company, which of the following combinations of cost changes would be most likely to occur?

Cost Category to Increase	Cost Category to Decrease
1. Purchasing costs	Stockout costs
2. Purchasing costs	Quality costs
3. Quality costs	Ordering costs
4. Stockout costs	Carrying costs

- A. 1
- B. 2
- C. 3
- D. 4

Answer: D

NEW QUESTION 145

- (Exam Topic 2)

Which of the following is a cybersecurity monitoring activity that involves assessing the strength of an organization's IT protection?

- A. Boundary defense
- B. Malware defense
- C. Penetration tests
- D. Wireless access controls

Answer: A

NEW QUESTION 146

- (Exam Topic 2)

Which of the following statements is true regarding the capital budgeting procedure known as discounted payback period?

- A. It calculates the overall value of a project
- B. It ignores the time value of money
- C. It calculates the time a project takes to break even.
- D. It begins at time zero for the project.

Answer: C

NEW QUESTION 148

- (Exam Topic 2)

A retail organization mistakenly did not include \$10,000 of inventory in the physical count at the end of the year. What was the impact to the organization's financial statements?

- A. Cost of sales and net income are understated
- B. Cost of sales and net income are overstated
- C. Cost of sales is understated and net income is overstated.
- D. Cost of sales is overstated and net income is understated.

Answer: C

NEW QUESTION 150

- (Exam Topic 2)

An organization has instituted a bring-your-own-device (BYOD) work environment Which of the following policies best addresses the increased risk to the organization's network incurred by this environment?

- A. Limit the use of the employee devices for personal use to mitigate the risk of exposure to organizational data.
- B. Ensure that relevant access to key applications is strictly controlled through an approval and review process
- C. Institute detection and authentication controls for all devices used for network connectivity and data storage
- D. Use management software to scan and then prompt patch reminders when devices connect to the network

Answer: D

NEW QUESTION 151

- (Exam Topic 2)

Which of the following re a result of implementing an e-commerce system, which relies heavily on electronic data interchange and electronic funds transfer, for purchasing and billing?

- A. Higher cash flow and treasury balances
- B. Higher inventory balances
- C. Higher accounts receivable
- D. Higher accounts payable

Answer: C

NEW QUESTION 153

- (Exam Topic 2)

Which of the following risks is best addressed by encryption?

- A. Information integrity risk.
- B. Privacy risk
- C. Access risk
- D. Software risk

Answer: A

NEW QUESTION 158

- (Exam Topic 2)

The critical path for any project is the path that exhibits which of the following characteristics?

- A. Has the longest duration in time.
- B. Costs the most money.
- C. Requires the largest amount of labor
- D. Is deemed most important to the project.

Answer: A

NEW QUESTION 161

- (Exam Topic 2)

According to IIA guidance, which of the following would be the best first step to manage risk when a third party is overseeing the organization's network and data?

- A. Creating a comprehensive reporting system for vendors to demonstrate their ongoing due diligence in network operations
- B. Drafting a strong contract that requires regular vendor control reports and a right-to-audit clause.
- C. Applying administrative privileges to ensure right-to-access controls are appropriate
- D. Creating a standing cybersecurity committee to identify and manage risks related to data security

Answer: B

NEW QUESTION 164

- (Exam Topic 2)

A bank uses customer departmentalization to categorize its departments. Which of the following groups best exemplifies this method of categorization?

- A. Community institutional and agricultural banking.
- B. Mortgages credit cards and savings
- C. South southwest and east.
- D. Teller manager and IT specialist

Answer: A

NEW QUESTION 165

- (Exam Topic 2)

An internal auditor is reviewing the organization's performance appraisal process. Which of the following methods would be most effective to identify stereotyping?

- A. Use a behaviorally anchored rating scale to Break down jobs into their components.
- B. Analyze and compare the ratings for different classes or groupings of employees.
- C. Compare the ratings of selective employees with their previous appraisals.
- D. Analyze the number and percentages of employee appraisals that fall into each rating category

Answer: C

NEW QUESTION 170

- (Exam Topic 2)

Which of the following is a security feature that involves the use of hardware and software to fitter or prevent specific information from moving between the outside network and the outside network?

- A. Authorization
- B. Architecture model
- C. Firewall
- D. Virtual private network

Answer: C

NEW QUESTION 171

- (Exam Topic 2)

A large hospital has an existing contract with a vendor in another country to provide software support and maintenance of the hospital's patient records information system. From the hospital management's perspective, which of the following controls would be most effective to address privacy risks related to this outsourcing arrangement?

- A. Conduct periodic reviews of the privacy policy to ensure that the existing policy meets current legislation requirements in both regions.
- B. Include a "right to audit" clause in the contract and impose detailed security obligations on the outsourced vendor
- C. Implement mandatory privacy training for management to help with identifying privacy risks when outsourcing services
- D. Develop an incident monitoring and response plan to track breaches from internal and external sources

Answer: A

NEW QUESTION 176

- (Exam Topic 2)

When is an organic organizational structure likely to be more successful than a mechanistic organizational structure?

- A. When a manufacturing organization has stable demand for its products.
- B. When an organization is subjected to strong political and social pressures
- C. When a manufacturer has reliable resources and suppliers
- D. When an organization is infrequently affected by technological advances

Answer: D

NEW QUESTION 178

- (Exam Topic 2)

According to MA guidance, which of the following best describes an adequate management (audit) trail application control for the general ledger?

- A. Report identifying data that is outside of system parameters
- B. Report identifying general ledger transactions by time and individual
- C. Report comparing processing results with original input
- D. Report confirming that the general ledger data was processed without error.

Answer: B

NEW QUESTION 179

- (Exam Topic 2)

An organization with an annual demand of 25,000 units correctly computes its economic order quantity to be 1,000 units. Its safety stock is 300 units and the lead time is two days. If there are 250 production days in a year, what is the reorder point?

- A. 200 units.
- B. 300 units.
- C. 500 units.
- D. 1,000 units.

Answer: C

NEW QUESTION 181

- (Exam Topic 2)

Which of the following factors is most likely to lead to a lack of cohesiveness in a project team?

- A. Prestige
- B. Small size.
- C. Competition
- D. Common threat

Answer: A

NEW QUESTION 183

- (Exam Topic 2)

An organization's account for office supplies on hand had a balance of \$9,000 at the end of year one. During year two, the organization recorded an expense of \$45,000 for purchasing office supplies. At the end of year two, a physical count determined that the organization has \$11,500 in office supplies on hand. Based on this information, what would be recorded in the adjusting entry at the end of year two?

- A. A debit to office supplies on hand for \$2,500
- B. A debit to office supplies on hand for \$11,500
- C. A debit to office supplies on hand for \$20,500
- D. A debit to office supplies on hand for \$42,500

Answer: A

NEW QUESTION 188

- (Exam Topic 2)

According to IIA guidance, which of the following best describes the activities that occur during the conversion phase of an IT project?

- A. Conversion of user requirements into system specifications
- B. Conversion of user requirements into program codes
- C. Conversion of test data into production data
- D. Conversion of data from the old system into the new system

Answer: D

NEW QUESTION 191

- (Exam Topic 2)

Which of the following cybersecurity-related activities is most likely to be performed by the second line of defense?

- A. Deploy intrusion detection systems and conduct penetration testing
- B. Administer security procedures, training, and testing.
- C. Monitor incidents, key risk indicators, and remediation
- D. implement vulnerability management with internal and external scans.

Answer: D

NEW QUESTION 194

- (Exam Topic 2)

An organization is experiencing a high turnover. Which of the following can human resources deploy to effectively detect the root cause of turnover?

- A. Require regular performance appraisals
- B. Perform exit interviews
- C. Encourage periodic rotation of employee duties.
- D. Ensure mandatory vacations

Answer: B

NEW QUESTION 199

- (Exam Topic 2)

According to MA guidance, which of the following would indicate poor change management control?

- * 1. Low change success rate
- * 2. Occasional planned outages
- * 3. Low number of emergency changes.
- * 4. Instances of unauthorized changes

- A. 1 and 3
- B. 1 and 4
- C. 2 and 3
- D. 2 and 4

Answer: B

NEW QUESTION 202

- (Exam Topic 2)

According to Maslow's hierarchy of needs theory, which of the following best describes a strategy where a manager offers an assignment to a subordinate specifically to support his professional growth and future advancement?

- A. Esteem by colleagues
- B. Self-fulfillment
- C. Sense of belonging in the organization
- D. Job security

Answer: B

NEW QUESTION 204

- (Exam Topic 2)

With regard to disaster recovery planning, which of the following would most likely involve stakeholders from several departments?

- A. Determining the frequency with which backups will be performed.
- B. Prioritizing the order in which business systems would be restored.
- C. Assigning who in the IT department would be involved in the recovery procedures.
- D. Assessing the resources needed to meet the data recovery objectives

Answer: B

NEW QUESTION 207

- (Exam Topic 2)

Which of the following is an example of a physical security control that should be in place at an organization's data center?

- A. Backup servers in the data center are stored in an environmentally controlled location
- B. All users have a unique ID and password to access data
- C. Swipe cards are used to access the data center

D. Firewalls and antivirus protection are in place to prevent unauthorized access to data.

Answer: C

NEW QUESTION 210

- (Exam Topic 2)

According to MA guidance on IT, which of the following would be considered a primary control for a spreadsheet to help ensure accurate financial reporting?

- A. Formulas and static data are locked or protected.
- B. The spreadsheet is stored on a network server that is backed up daily.
- C. The purpose and use of the spreadsheet are documented.
- D. Check-in and check-out software is used to control versions.

Answer: A

NEW QUESTION 215

- (Exam Topic 2)

Which of the following is an example of a smart device security control intended to prevent unauthorized users from gaining access to a device's data or applications?

- A. Anti-malware software.
- B. Authentication.
- C. Spyware.
- D. Rooting.

Answer: B

NEW QUESTION 220

- (Exam Topic 2)

What is the most significant potential problem introduced by just-in-time inventory systems?

- A. They require significant computer resources.
- B. They are susceptible to supply-chain disruptions.
- C. They require complicated materials-supply contracts.
- D. They prevent manufacturers from scaling up or down to meet changing demands.

Answer: B

NEW QUESTION 224

- (Exam Topic 2)

While reviewing the contracts for a large city, the internal auditor learns that the organization contracted to perform trash collection is paid based on the number of bins emptied each week. As a result, the city has minimal control over payments. Which of the following actions should the auditor recommend to give the city greater control over payments?

- A. Change the contract so payment is based on the distances traveled by the contractor during collection.
- B. Renegotiate a lump-sum contract when the contract is up for renewal.
- C. Assign a city employee to verify the number of bins emptied each day.
- D. Require that the contractor provide supervisory review of the number of bins emptied each day.

Answer: B

NEW QUESTION 225

- (Exam Topic 2)

Which of the following application controls is the most dependent on the password owner?

- A. Password selection
- B. Password aging
- C. Password lockout
- D. Password rotation

Answer: A

NEW QUESTION 226

- (Exam Topic 2)

According to IIA guidance, which of the following statements is true regarding analytical procedures?

- A. Data relationships are assumed to exist and to continue where no known conflicting conditions exist.
- B. Analytical procedures are intended primarily to ensure the accuracy of the information being examined.
- C. Data relationships cannot include comparisons between operational and statistical data.
- D. Analytical procedures can be used to identify unexpected differences but cannot be used to identify the absence of differences.

Answer: A

NEW QUESTION 228

- (Exam Topic 2)

Which of the following statements is most accurate with respect to various forms, elements, and characteristics of business contracts?

- A. A contract is a tool used by both suppliers and customers, the model and complexity of which generally remains constant
- B. Collaboration during contract negotiation encourages stakeholders to develop consensus but typically increases cycle times and the likelihood that the contract will fail
- C. Differing legal requirements affect the attitudes of contracting parties as well as the length content and language of contracts
- D. A contract is a tool used by both suppliers and customers though it offers commercial assurance of the relationship, purely from a customer perspective

Answer: C

NEW QUESTION 230

- (Exam Topic 2)

Which of the following best demonstrates an organization's ability to recover from a disaster?

- A. Hot site
- B. Cold site
- C. Redundant data center
- D. Regular testing of the disaster plan

Answer: D

NEW QUESTION 233

- (Exam Topic 2)

Which of the following is the best example of a compliance risk that is likely to arise when adopting a bring-your-own-device (BYOD) policy?

- A. The risk that users try to bypass controls and do not install required software updates.
- B. The risk that smart devices can be lost or stolen due to their mobile nature.
- C. The risk that an organization intrusively monitors personal information stored on smart devices.
- D. The risk that proprietary information is not deleted from the device when an employee leaves.

Answer: C

NEW QUESTION 238

- (Exam Topic 2)

Which of the following IT-related activities is most commonly performed by the second line of defense?

- A. Block unauthorized traffic.
- B. Encrypt data.
- C. Review disaster recovery test results.
- D. Provide independent assessment of IT security.

Answer: C

NEW QUESTION 241

- (Exam Topic 2)

Which of the following is a characteristic of using a hierarchical control structure?

- A. Less use of policies and procedures
- B. Less organizational commitment by employees
- C. Less emphasis on extrinsic rewards
- D. Less employees turnover

Answer: B

NEW QUESTION 243

- (Exam Topic 2)

According to HA guidance or IT which of the following spreadsheets is most likely to be considered a high-risk user-develop application?

- A. A revenue calculation spreadsheet supported with price and volume reports from the production department
- B. An asset retirement calculation spreadsheet comprised of multiple formulas and assumptions
- C. An ad-hoc inventory listing spreadsheet comprising details of written-off inventory quantitates
- D. An accounts receivable reconciliation spreadsheet used by the accounting manager to verify balances.

Answer: B

NEW QUESTION 245

- (Exam Topic 2)

Which of the following budgets serves as a basis for the budgeted income statement?

- A. All financial budgets
- B. All operating budgets
- C. Only the cash budget and budgeted balance sheet
- D. Only the sales and production budgets

Answer: B

NEW QUESTION 248

- (Exam Topic 2)

Which of the following data security policies is most likely to be the result of a data privacy law?

- A. Access to personally identifiable information is limited to those who need it to perform their job.
- B. Confidential data must be backed up and recoverable within a 24-hour period.
- C. Updates to systems containing sensitive data must be approved before being moved to production.
- D. A record of employees with access to insider information must be maintained and those employees may not trade company stock during blackout periods

Answer: A

NEW QUESTION 252

- (Exam Topic 2)

Which of the following is an example of a phishing attack?

- A. An employee receives an email that appears to be from the organization's bank, though it is no
- B. The employee replies to the email and sends the requested confidential information.
- C. An organization's website has been hacke
- D. The hacker added political content that is not consistent with the organization's views.
- E. An organization's systems have been compromised by malicious softwar
- F. The software locks the organization's operating system until d ransom is paid.
- G. An organization's communication systems have been intercepte
- H. A communication session is controlled by an unauthorized third party.

Answer: A

NEW QUESTION 255

- (Exam Topic 2)

Which of the following would most likely be found in an organization that uses a decentralized organizational structured?

- A. There is a higher reliance on organizational culture
- B. There are clear expectations set for employees
- C. There are electronic monitoring techniques employed
- D. There is a defined code for employee behavior

Answer: B

NEW QUESTION 256

- (Exam Topic 2)

In which of the following scenarios would transfer pricing be used?

- A. Company A owns Company B; Company B sells goods to Company A.
- B. Company A does not own Company
- C. Company A charges Company B a fee to sell Company B's goods without taking ownership of the goods.
- D. Company A owns both Company B and Company C; all three companies sell goods to the public.
- E. Company A moves goods internally from one location to another.

Answer: A

NEW QUESTION 258

- (Exam Topic 2)

An organization recently documented its procedures for recovering systems and data after a disaster How are these documented procedures most likely to be used during a disaster simulation exercise"

- A. To help property configure mass communication notification tools
- B. To help identify training needs across the functional areas required to recover systems and data.
- C. To help ensure that the team members who are required to recover systems and data understand their roles.
- D. To help validate the contact information of key personnel required to recover systems and data

Answer: C

NEW QUESTION 259

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